From Not-So-Great to Worse

The Myth of Best Practice Methodologies

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The November 2008 issue of the *Academy of Management Perspectives* has two very interesting studies that challenge bestselling author Jim Collins' assertions in his 2001 book *Good to Great: Why Some Companies Make the Leap ... and Others Don't*. Both articles—"From Good to Great to...," by Bruce G. Resnick and Timothy L. Smunt, and "Good to Great, or Just Good?" by Bruce Niendorf and Kristine Beck—conclude that Collins' arguments and suggested principled commonalities about great firms were unsupported.

Resnick and Smunt conducted a financial analysis over subsequent periods on the 11 companies Collins identified as great. "We found that only one of the 11 companies continues to exhibit superior stock market performance according to Collins' measure, and that none do so when measured according to a metric based on modern portfolio theory. We conclude that Collins did not find 11 great companies as defined by the set of parameters he claimed are associated with greatness, or, at least, that greatness is not sustainable," the authors note.

Niendorf and Beck came to a similar conclusion, noting, "*Good to Great* provides no evidence that applying the five principles to other firms or time periods will lead to anything other than average results." By the way, Collins' list of 11 great companies includes Circuit City (now bankrupt) and Fannie Mae (currently receiving bailout support from the U.S. Treasury Department).

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In a late-1980s bestselling book, *In Search of Excellence: Lessons from America's Best Run Companies*, authors Tom Peters and Bob Waterman used a methodology similar to that of Collins to investigate companies they identified as excellent and identify good business practices. Those companies, in reality, later turned out to be somewhat mediocre.

What is troublesome about the influence of such bestselling management books and other quests for best business practices is that many leaders in the Department of Defense profess that DoD needs to find these presumed "best practices" and incorporate them into the department's systems and processes. Indeed, over the past 30 years, we have witnessed the bandwagon effect of popular management movements such as management by objectives; reinventing government; reengineering; the balanced scorecard; and the latest craze, Lean and Six Sigma. Why do we persist?

The answer may be in the underlying belief that the pursuit of best practices mimics the "hard sciences" (i.e., beliefs associated with objectivity, reductionism, isolation of variables, one-way causality, and the scientific method), when in reality, such best practices research studies are really in the "soft sciences" category (studies not based on reproducible mathematical data).
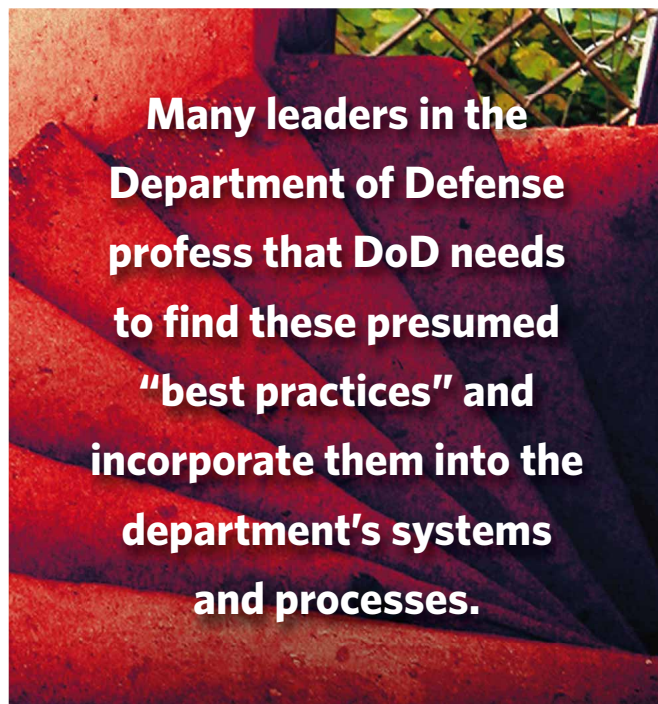
The "Facts" of Best Practices

Social scientists have argued that there are fundamental differences between "natural facts" (that strive toward objective meaning and reproducibility) and "social facts" (better characterized through subjective meanings and are contextually novel).

I'd like to provide some background information on the different kinds of facts. John Searle, a philosopher from the University of California, Berkeley, developed a continuum to better judge the idea of facts. Along that continuum, he ranges from natural facts (things we can physically sense), Social Type 1 facts (things we can physically sense but have a human-created purpose), to Social Type 2 facts (ways communities of humans socially agree about reality).

There is little ambiguity, for example, when we see a mountain (a natural fact). While different languages and cultures have different names for the mountain and what it might symbolize, it is still *there*. In another example, a spear (a Type 1 fact) is *there*, but a member of a secluded culture seeing a spear for the first time might not have the same sense of natural factualness about it as would a native who made and uses it. Yet outsiders would probably be able to implicitly figure out for what and how it is used.

At the far end of the fact spectrum are the social facts pertaining to human-to-human agreed-upon concepts that, without that social agreement, would simply not exist and would certainly not be meaningful to any outsider. For example, the traditional military decision-making process ex-

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ists toward the Type 2 end of the fact continuum—only those involved in the decision-making process will understand the entirety of how it works.

The existence of today's military decision-making process remains a fact so long as the defense community shares a belief that it achieves the intended purpose for which it was created and the community continues to use the decision-making process. If those in the defense community believe the decision-making process no longer achieves its intended purpose, then they will no longer continue to use it. There's no way to tell how long the process will continue to be used or how long people will believe in it—it works now, but there's no way to tell if it will work in the future. The same is true of popular management techniques.

The Type 2 social reality explains what happens when people read and objectify popular management movements: They latch onto a charismatic story told by a thought leader, such as Jim Collins, and incorporate the story into their management belief system. As other leaders are convinced of the "hard science" of it all, others jump on the bandwagon through a social interactive process. That explains why best practices are still applied. But just because people believe in the practices doesn't mean they are solid, proven methods. What are some alternatives to applying a new business practice every couple of years? How should people view such "best practices" theories?

Reflective Practice

Social psychologists and management theorists have argued that reflective practice, which involves being continuously

mindful of social facts, is the concept we should subscribe to. Reflective practice has the following philosophical characteristics:

We cannot expect the same sort of objective knowledge we gain from studying in the hard sciences as we explore in the soft sciences (such as is the field of management). For example, when DoD acquisition professionals interpret events (subjective reality), the explanations and conclusions that result may inform future materiel solution proposals. When a program becomes funded (objective reality), there is a need to review decisions of the past in the context in which the decision was made. Subjective premises must always be reviewed.

Objects, events, and situations in the workplace do not have natural meanings, per Searle's theory of natural facts. We attribute meaning to them, sometimes in the form of creative conjecture, stories, and other subjective means. For example, DoD leaders use the term "transformation," even though that word can mean different things to different people.

Life at work (like anywhere else) is socially interactive and requires dealing with situations that are always novel and continuously changing. For example, process control technologies, such as those proposed by the popular management philosophy of Lean Six Sigma, may lack the flexibility the department needs to adjust to changes in the environment, which can make the process entirely obsolete.

Critical reasoning (an important ingredient in reflective practice) admits the human tendency to objectify items (perhaps motivated by a belief in hard science) and seeks truth by exposing for the gaps between our objectified work life and the subjective world we create. This is the tricky part, because this form of thinking requires DoD professionals to admit their interpretations are *always* subjective and the importance of revisiting and re-judging the relevance of past decisions as often as possible. This form of critical thinking is called "reflection in action."

A Quest for Reflection-in-Action

The idea of best practices, albeit seductively "scientific," should be replaced with a quest for reflective practice in the defense community. Reflection in action should guide our thinking while acting in the workplace, not an overreliance on management techniques espoused to be "proven." There are no such "laws of management" as there are "laws of gravity," and there will never be as long as people are involved. Popular management writers should be viewed as thought leaders (who provide ideas), and the knowledge they purvey does not have the same factuality as those of natural scientists. Perhaps this recognition is what will really make us great.

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